



STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

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In the Matter of

**AETNA HEALTH, INC., AETNA LIFE
INSURANCE COMPANY and AETNA
HEALTH INSURANCE COMPANY OF
NEW YORK,**

**STIPULATION
No. 2010-0212-S**

Respondents.

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WHEREAS, Respondent Aetna Health, Inc. is a domestic health maintenance organization authorized pursuant to Article 44 of the New York Public Health Law; Respondent Aetna Life Insurance Company is a foreign life insurance company authorized to do business in this state pursuant to the provisions of the New York Insurance Law ("Insurance Law"); and Respondent Aetna Health Insurance Company of New York is a domestic accident and health insurance company authorized to do business in this state pursuant to the provisions of the Insurance Law; and

WHEREAS, a financial examination of Respondents Aetna Health Inc. and Aetna Health Insurance Company of New York conducted by the New York State Insurance Department ("Department") for the period January 1, 2003 through December 31, 2005, a market conduct examination of Respondents Aetna Health Inc., Aetna Health Insurance Company of New York and Aetna Life Insurance Company conducted by the Department for the period March 1, 2001 through December 31, 2005, and a special market conduct examination of Respondents Aetna Health Inc., Aetna Health Insurance Company of New York and Aetna Life Insurance Company conducted by the Department for the period January 1, 2003 through September 30, 2004, have revealed certain violations of the Insurance Law and/or Department Regulations; and

WHEREAS, Respondents have been advised and are aware of their statutory right to notice and a hearing on any such violations; and

WHEREAS, Respondents wish to resolve said violations by entering into a Stipulation with the Department on the terms and conditions hereinafter set forth in lieu of proceeding with a formal hearing on the matter; **NOW THEREFORE**,

IT IS HEREBY STIPULATED AND AGREED by and between Respondents and the Department, subject to the approval of the Superintendent of Insurance, as follows:

1. Respondents waive their right to further notice and hearing in this matter and admit that during the period from March 1, 2001 through December 31, 2005, they violated the following provisions of the Insurance Law:

- (a) Section 3234(a) by failing to provide explanation of benefits forms (EOBs) to their members with respect to certain claims submitted by non-participating providers;
- (b) Section 3234(b)(5) by issuing EOBs that contained inconsistent and/or inadequate information;
- (c) Section 3234(b)(6) by issuing EOBs that failed to clearly delineate all charges and describe in clear and concise language all reductions to the allowed amount;
- (d) Section 3234(b)(7) by issuing EOBs that failed to contain accurate information regarding the claimant's right to appeal a denial of benefits;
- (e) Section 3224-a(a) by failing to process certain claims within 45 days of receipt;
- (f) Section 3224-a(b) by failing to deny or request additional information from claimants within 30 days of receipt of the claim;
- (g) Section 3224-a(c) by failing to pay interest or incorrectly paying interest on certain claims;
- (h) Section 4903(e) by failing to send proper notification of the first adverse determination to their subscribers and/or providers in certain cases; and
- (i) Sections 3217-a(a)(3)(D) and 4324(a)(3) by failing to disseminate to prospective, new and existing members consistent, accurate and clear disclosure information.

2. Respondents state in mitigation that the above violations were not the result of any company policy to evade the requirements of the Insurance Law.

3. In lieu of any other disciplinary action which could be taken by the Department in consequence of the foregoing, Respondents consent to the imposition of civil penalties as follows: Aetna Health, Inc., Two Hundred Eighty-Five Thousand Dollars (\$285,000.00); Aetna Life Insurance Company, Two Hundred Eighty-Five Thousand Dollars (\$285,000.00); Aetna Health Insurance Company of New York, Two Hundred Eighty Thousand Dollars (\$280,000.00); for a total penalty of Eight Hundred Fifty Thousand Dollars (\$850,000.00), receipt of which is hereby acknowledged.

4. Respondents shall take the following remedial actions:

- (a) Review and revise their procedures with respect to issuing EOBs in all instances required by Section 3234(a) of the Insurance Law;

(b) Review and revise their EOBs and, to the extent not already submitted to the Department, develop and submit to the Department, a plan for improving compliance with Sections 3234(b)(5), 3234(b)(6) and 3234(b)(7) of the Insurance Law and specifically address providing appeal rights mandated by the Insurance Law to members located outside of New York State;

(c) Review their procedures and, to the extent not already submitted to the Department, develop and submit to the Department, a plan for improving compliance with Sections 3224-a(a), (b) and (c) of the Insurance Law;

(d) Review and revise their procedures to ensure compliance with Section 4903(e) of the Insurance Law and submit to the Department a report indicating all changes made to Respondents' adverse determination notice; and

(e) Review and establish a procedure to ensure that the written disclosure information sent to current and prospective insured's contains complete and accurate information and submit to the Department a report indicating all changes made to such information.

5. Respondents agree to take all additional steps necessary to prevent the recurrence of similar violations in the future.

6. Within 90 days of the date of the approval of the Stipulation, and every 90 days thereafter until the process is completed, or such other date as may be agreed upon in writing, Respondents shall file a written report with the Department indicating the status and results of the remedial actions taken pursuant to the foregoing paragraph 4.

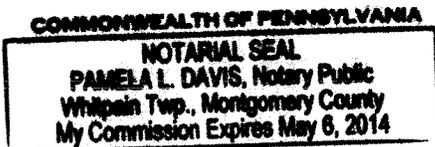
7. Respondents acknowledge that this Stipulation and any admissions herein contained may be used against them in any future proceeding if there is reason to believe the terms of the Stipulation have been violated by Respondents, or if the Department institutes disciplinary action against Respondents for any reason other than the acts considered herein.

NEW YORK STATE INSURANCE DEPARTMENT

By: 
Beth Cohen
Associate Attorney

STATE OF Penna.)
) ss.:
COUNTY OF Montgomery)

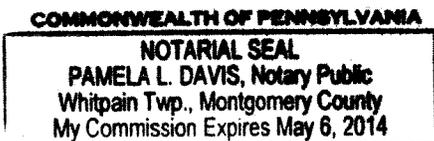
On the 19th day of August 2010, before me personally came Gregory S. Martino, to me known, who, being duly sworn, did depose and say that he/she resides at Harrisburg, PA; that he/she is the Vice President of Aetna Life Insurance Company, the corporation described in and which executed the foregoing instrument; and he/she signed his/her name thereto by order of the board of directors of the corporation.



Pamela L. Davis
Notary Public

STATE OF Penna)
) ss.:
COUNTY OF Montgomery)

On the 19th day of August 2010, before me personally came Gregory S. Martino, to me known, who, being duly sworn, did depose and say that he/she resides at Harrisburg, PA; that he/she is the Vice President of Aetna Health Insurance Company of New York, the corporation described in and which executed the foregoing instrument; and he/she signed his/her name thereto by order of the board of directors of the corporation.



Pamela L. Davis
Notary Public

THE FOREGOING STIPULATION IS HEREBY APPROVED.

Dated: New York, New York
August 30, 2010

JAMES J. WRYNN
Superintendent of Insurance

By: Martha A. Lees
Martha A. Lees
Deputy Superintendent & General Counsel